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CENTRAL INTELLIGENCE BULLETIN



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29 MARCH 1958

I. THE COMMUNIST BLOC

USSR - JAEIC reports hitherto undiscovered Soviet nuclear test at Semipalatinsk on 13 March.

USSR - American ambassador notes apprehensive Moscow reaction to Khrushchev's assumption of premiership.

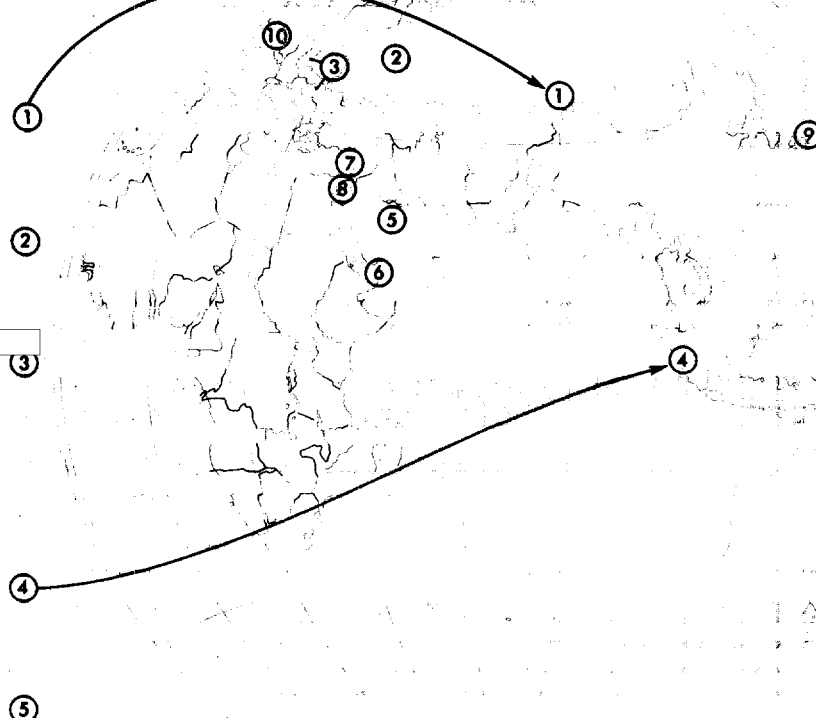
USSR apparently carrying out announced troop reductions in East Germany, Hungary.

II. ASIA-AFRICA

Indonesia - Sukarno asks Nasir for enough weapons to equip several battalions

; Djakarta forces retain initiative on Sumatra.

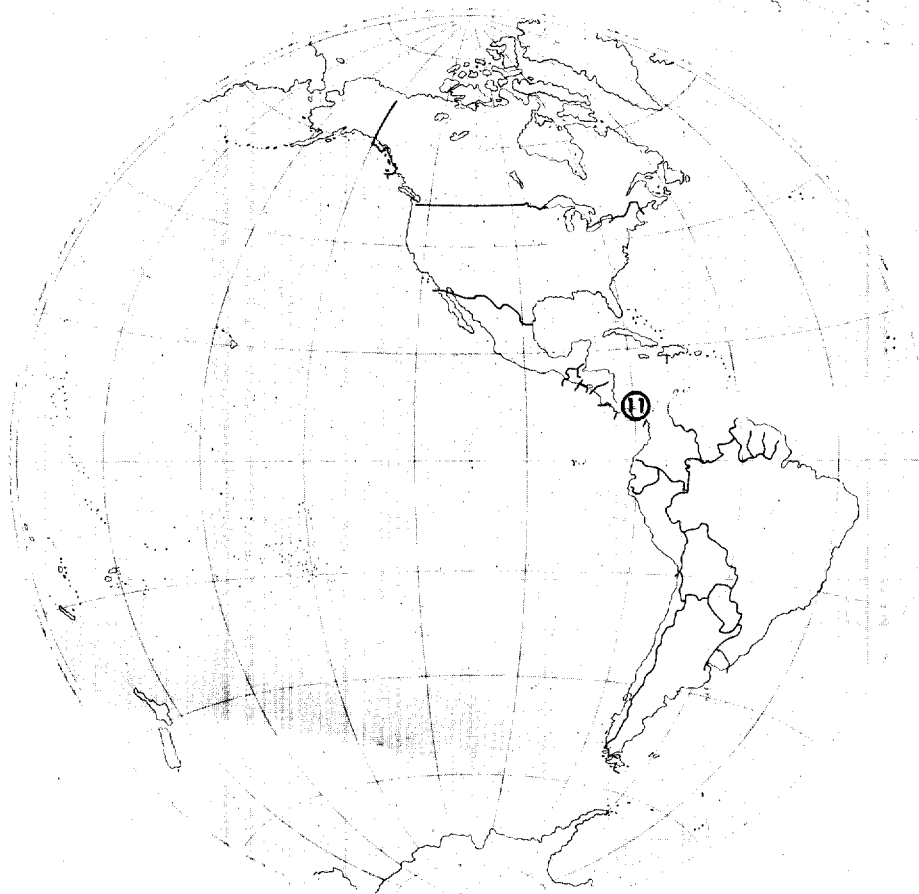
Saudi Arabia - Crown Prince Faysal uncommunicative in interview with American ambassador.



- ⑥ Egypt offers Yemen additional military mission, which would strengthen Badr's prospects of succession.
- ⑦ Lebanese political atmosphere becoming more tense; Chief of Army Shihab emerging as possible rival to President Chamoun.
- ⑧ Israel gets squadron of French Vautour jets.
- ⑨ Japan - Conservatives expected to retain majority in Diet elections expected in May, but substantial Socialist gains could permit rivals to upset Kishi.

III. THE WEST

- ⑩ UK - Liberal party by-election victory strengthens impression Labor will win next general election.
- ⑪ Panama - High government resignations threaten stability of De la Guardia administration.

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CENTRAL INTELLIGENCE BULLETIN

29 March 1958

DAILY BRIEF

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I. THE COMMUNIST BLOC

Soviet nuclear tests: The Joint Atomic Energy Intelligence Committee issued the following statement at 1530 EST, 28 March 1958:

no The Atomic Energy Detection System has reported evidence of a nuclear explosion in the USSR at about 0100 hours GMT, 13 March 1958. Although other areas of the USSR cannot be excluded, the meteorological data coupled with the radiochemical data indicates that the most likely location was in the vicinity of Semipalatinsk.

DR USSR: Ambassador Thompson reports that reaction in Moscow to Khrushchev's assumption of the premiership, so far as it can be gauged, is one of surprise, disappointment, and apprehension. Official reaction has been received thus far only from Poland and Yugoslavia. The Polish party daily ironically points out that the high spot of the Soviet leader's career came with his 1956 declaration on "The Cult of Personality and Its Consequences." Belgrade has taken a noncommittal position, receiving the news with "sympathy." The Supreme Soviet has recessed over the week end; Gromyko's foreign policy speech will apparently not come before Monday. (Page 1)

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no Soviet troop withdrawals: Soviet troop withdrawals from East Germany and Hungary have been proceeding according to the announced schedule and will be nearly completed by the end of March. The withdrawals in East Germany were preceded by a reorganization which will lessen the impact on Soviet capabilities. There are indications that the units withdrawn from Hungary have been relocated nearby in the Carpathian Military District.

II. ASIA-AFRICA

Indonesia: President Sukarno

no [redacted] requesting arms and equipment for several battalions in order to "strengthen the noose around the rebels." Egyptian stocks of military equipment are probably adequate to permit them to meet Sukarno's request. Nasir previously assured Sukarno that Egypt would be willing to provide "all the assistance it can give." [redacted] In Sumatra, meanwhile, central government forces retain the initiative against the dissidents. [redacted]

no Saudi Arabia: Crown Prince Faysal in his first interview with the American ambassador since assuming new powers was uncommunicative. Saying that he had resumed his duties "at the King's request," Faysal observed that the financial austerity program ordered by the King would be carried out rigorously and that all the difficulties in the area had arisen from the creation of the state of Israel.

no Egypt - Yemen: Egypt has offered to send additional military personnel to Yemen to assist in maintenance of armored vehicles, artillery, and other weapons which

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Yemen has received from the Soviet bloc. Such assistance is probably also intended to support Crown Prince Badr in his plans to become the next imam. Although Badr is widely opposed, Yemen's closer association with Egypt in the United Arab States, and Saudi Arabia's probable efforts to avoid further provocation of Nasir, appear to have considerably reduced the prospects for successful opposition to Badr.

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No Lebanon: The political atmosphere in Lebanon is becoming more tense. Army Chief General Shihab is emerging as a possible opposition candidate for president. His entrance into the political arena would weaken the will of the security forces to maintain order on behalf of the present government.

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No Israel - Egypt: The Israeli Air Force has recently been augmented by delivery of a squadron of 15 Vautour twin-jet aircraft purchased from France. The exact type of aircraft cannot immediately be determined; the 600-knot Vautour is produced in three configurations: all-weather fighter, ground attack fighter, and light bomber. There have been indications that Israel hoped to acquire both all-weather and jet light bomber types (of which it had none), as well as the French Mystere IV-B jet day fighter. By comparison, recent observation of Egyptian airfields in the Cairo area detected 58 IL-28 jet light bombers.

No Japan: The governing Liberal-Democratic party probably will retain its Diet majority in the general election expected in May, but if Socialist gains are significant, Prime Minister Kishi's authority would probably be weakened, and he might eventually lose his position as head of the party and the government. Kishi's rivals within his party would be very likely to exploit such gains to remove him.

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III. THE WEST

no Britain: The Liberal party's victory in the Torrington by-election highlights the anti-Conservative trend that has reduced the Conservative share of the popular vote in 31 of the 32 by-elections held since the 1955 general election. This will tend to weaken the Macmillan government's position at home and abroad by strengthening the impression among many observers that it is likely to lose the next general election to the Labor party.
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ok Panama: Political and personal differences within Panama's ruling clique are beginning to pose a threat to the stability of moderate President de la Guardia's government. The pressure groups seeking to remove him from office are likely to employ such anti-US tactics as campaigning for larger annual payments for the canal.
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I. THE COMMUNIST BLOC

Reaction to Khrushchev Appointment

Ambassador Thompson, reporting early reaction, says that on the one hand there is a feeling among the Soviet people that their lives will again be subjected to the whims of one man; on the other, a feeling of relief from the indication that internal strife will be avoided. On balance, however, the reaction, as far as it can be gauged, is one of surprise, disappointment, and apprehension.

According to Western press sources, most Polish front pages carried pictures of Khrushchev, but the party daily and the youth paper in their captions pointed out that a high spot of the Soviet leader's career was his 1956 declaration on "The Cult of Personality and its Consequences." These same sources state that private opinion among Polish Communists appeared mixed: most were resigned to a wait-and-see attitude, but few could hide their fears that the Soviet system might again degenerate into a personal despotism.

Yugoslavia's initial reaction came at the Foreign Ministry's weekly press conference on 28 March, at which a Yugoslav spokesman stated that "the naming of Khrushchev as prime minister of the Soviet Union has been received in Yugoslavia with sympathy." Tito has sent "warm wishes" to Khrushchev for the "further flourishing of your socialist homeland. . . ." Western press reports state, however, that ordinary Yugoslavs feel concerned about the latest Moscow development.

The Supreme Soviet will not hear Gromyko's foreign policy report until at least Monday or Tuesday. Saturday has been set aside for the work of legislative committees--a departure from usual Supreme Soviet procedures--and Sunday will be a normal holiday.

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Withdrawal of Soviet Troops From East Germany And Hungary

Soviet announcements that 41,000 troops from East Germany and 17,000 from Hungary would be withdrawn apparently are being carried out. Seven of the ten departure ceremonies scheduled in East Germany between 27 February and 10 April have taken place so far and sufficient departing trains have been noted to transport the troops scheduled to leave. As of 25 March, the train movement began to decrease, and withdrawals will probably be nearly completed by the end of March.

The USSR would still have 20 line divisions in East Germany, strengthened by a reorganization in the past year and by a new system of sending only trained Soviet personnel to Germany. Western observers report that the departing troops and equipment are below standard in quality. Five Soviet division-level units will remain in Hungary, in contrast to two prior to the revolt in October 1956.

All Soviet troops apparently have been evacuated from two towns in eastern Hungary, and withdrawal ceremonies have reportedly taken place in five other towns. Western observers have stated that complete withdrawal from all seven of these towns would account for most of the announced 17,000 reduction in Soviet forces in Hungary.

[redacted] the headquarters of an army and two divisions formerly in Hungary have been tentatively identified in the Carpathian Military District.

[redacted]

[redacted]

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II. ASIA-AFRICA

Situation in Indonesia

President Sukarno has personally requested through the Egyptian Embassy in Djakarta that Egypt supply arms, ammunition, parachutes, and other unidentified equipment for at least five battalions and possibly more, according to an intercepted Egyptian message. He explained that his purpose in obtaining additional supplies was to "strengthen the noose around the rebels." Sukarno requested that the Indonesian Embassy in Cairo not be informed of his proposal, probably an indication that he believes there are dissident sympathizers in the embassy who might delay or seriously obstruct the deal.

There are rumors of increasing antigovernment sentiment in West Java, and of the possibility of a coup attempt in Djakarta within the next two weeks. Such action could be stimulated by Colonel Kawilarang, commander in West Java until mid-1956 and recently military attaché in Washington, for whom a number of local officers retain sympathy. Kawilarang is reported to have decided to join the dissident cause. His present whereabouts is not known.

The army intelligence chief, Lt. Col. Sukendro, visited South Celebes from 23 to 26 March, apparently to appraise the situation there with a view to mounting an attack on Menado, dissident center in North Celebes. An Indonesian intelligence officer claims the central government intends to attack Menado soon. According to an aide of President Sukarno, however, such action will not be undertaken until the Central Sumatran rebellion is quelled.

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~~CONFIDENTIAL~~Saudi Crown Prince Interviewed by Ambassador Heath

Ambassador Heath's first interview with Crown Prince Faysal since the latter assumed broad powers over Saudi internal and external affairs was "unrewarding." Physically, the crown prince appeared far from well, although he contended that all he lacks is stamina since there is nothing organically wrong with him. He said he had resumed his duties of prime minister and foreign minister "as a loyal servant of the King" at Saud's "request."

Faysal avoided comment on the political situation in the area except to assert that the difficulties in the region had all arisen after the creation of Israel and that any "improvement" in American policy toward Israel would "undoubtedly be reflected in an improvement of the general situation."

Faysal's only specific statement indicative of his own plans was that the financial austerity program previously ordered by King Saud would be carried out rigorously. This statement might be taken to suggest that Saudi Arabia's financial difficulties were indeed a primary factor behind Faysal's resumption of political activity, while pressure from Nasir was the occasion for the action. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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Egypt Offers Increased Assistance to Yemen

The Egyptian commander-in-chief, Field Marshal Amir, and Yemeni Crown Prince Badr have discussed the dispatch of additional Egyptian military personnel to Yemen to assist the Yemenis in maintenance and training on the armored vehicles, artillery, and other military equipment received from the Soviet bloc. [REDACTED]

[REDACTED] Amir offered to provide as many military technicians as might be required. Nasir's close cooperation with Badr, who was probably chiefly responsible for promoting Yemen's affiliation with the UAR, appears intended not only to extend Egyptian influence in Yemen but also to help Badr overcome internal opposition and succeed his ailing father as imam.

Badr and Nasir apparently desire to avoid a direct military challenge to Britain, but to apply indirect pressure through subversion and terror in Aden Protectorate. The British have again expressed to US officials their concern over the increasing threat to their position in the whole of Aden. Yemen's closer association with Egypt, and the probable termination under Faysal of Saudi Arabian efforts to overthrow the Imam and Badr, appear to have reduced considerably the prospects for successful opposition to Badr.

[REDACTED]

[REDACTED]

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Lebanese Political Situation

Lebanese President Chamoun's maneuvers to ensure parliament's approval of a constitutional amendment allowing him to run for re-election are meeting increasing public opposition. A manifesto issued on 27 March by the President's opponents exhorted the populace to rise up and force him to resign should he try to tamper with the constitution. As a first move against Chamoun, his enemies plan to call a general strike and lead a street demonstration which they believe would lead to disorders necessitating army intervention. The group is confident that army commander General Shihab would refuse to back Chamoun in the face of public disorders, thus forcing the President out of office.

Shihab is being propelled by events into the position of a possible contender for the presidency. In the present circumstances, it is uncertain if the security forces would be willing to maintain public order in the interests of the present pro-Western government. The chiefs of the gendarmerie and police believe their forces are capable of ensuring security in Beirut, but not in the countryside.

Psychological warfare by both Chamoun and his opponents, including veiled threats and undercover activities, are aggravating the already delicate situation.

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~~SECRET~~Japanese Election Prospects

Japanese Prime Minister Kishi's thinking on general elections is that action on essential legislation including the budget will be completed by 20 April, after which the lower house of the Diet should be dissolved and the new house elected in May. Kishi may introduce a controversial measure in the Diet, such as a bill limiting the activities of labor, to provoke Socialist objections that would give him an excuse for dissolving the Diet.

Kishi, who has given Japan sound leadership, is handicapped by an inability to develop personal popularity, and he is dependent on the achievements of his administration for voter appeal. He has suggested to Ambassador MacArthur that a favorable US attitude on pending problems, such as a concession to Japan on the Okinawa problem, would strengthen the conservatives.

Although the conservative Liberal-Democratic party is expected to retain a majority in the Diet, any significant Socialist gains probably would be exploited by Kishi's rivals in the governing party in an attempt to weaken his position and eventually remove him from the leadership of the party and the government. [redacted]

[redacted] Kishi's rivals will have much greater prospects of removing him if Socialist strength in the Diet increases by more than ten seats. [redacted]

[redacted]

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III. THE WEST

By-election Loss Damaging Blow to Macmillan Government

The Conservatives' loss of the Torrington, Devonshire, parliamentary seat to the Liberals in the 27 March by-election is the worst blow yet suffered by the Macmillan government. While the Conservatives retain a comfortable parliamentary majority of 40, their percentage of the popular vote has fallen in 31 out of the 32 by-elections held since the 1955 general election, including 18 since Macmillan became prime minister in January 1957. This loss of a formerly Liberal but now normally "safe" Conservative seat will strengthen the impression among many observers that the Labor party is bound to win the next general election, which must be held within two years. This view will probably add to London's difficulties in dealing with such problems as Cyprus where disputants anticipate policy changes under a Labor government.

The party's leader, Jo Grimond, in a pre-election conversation with Ambassador Whitney, indicated that the Liberals' steadily increasing popularity, gained mainly at the expense of the Conservatives, could force the government to negotiate electoral alliances with the Liberals in many more constituencies than it has in the past. Such an arrangement might double the Liberals' present parliamentary holding of six seats out of 630. Torrington's evidence of Liberal resurgence nevertheless may be expected to lead more ambitious party workers to press for an uncompromising political offensive. [REDACTED]

[REDACTED]

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~~CONFIDENTIAL~~Opposition to Panamanian President Increases

Opposition to President Ernesto de la Guardia is increasing among powerful pressure groups in Panama, which appear ready to compose their own differences in an effort to oust him. They will probably attempt to incite public opposition to the president's cooperation with the United States by criticizing his failure to press the recent campaign demanding 50 percent of the gross income of the Panama Canal.

Chief organizer of the disgruntled elite, which sees its long control over lucrative politico-economic power threatened by De la Guardia's moderate reforms, is probably former President Harmodio Arias, a publisher who wields extensive backstage power. One of his sons resigned this week as finance minister and another as ambassador to London. Arias has previously exploited the canal issue for political purposes and can be expected to use it again; one of his protégés in the Foreign Ministry originated the 50-percent campaign. Nationalistic appeals and claims for larger canal payments could easily arouse the many thousands of restless, unemployed Panamanians who already tend to blame their country's critical economic situation and their own poverty on US control of the canal.

De la Guardia's retention of the presidency will probably depend on the continued support of the national guard, Panama's only armed force. Corrupt guard leaders, however, are susceptible to opposition pressure because the president's policies may endanger their own widespread business activities. ()

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This report is based on the analysis of radioactive debris collected in the vicinity of Japan on 15 March. The time of origin was established by radiochemical means from excellent samples of fresh radioactive debris.

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